SEPTEMBER 30, 2015

RIDLEY TERMINALS INC.

2015 THIRD QUARTER REPORT

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MANAGEMENT'S DISCUSSION & ANALYSIS

Forward-looking Statements

Certain statements in this report are forward-looking statements and are not historical facts. Inherent in these forward-looking statements are risks and uncertainties beyond the control or the ability of the Company to predict. Readers are cautioned that future results may vary materially from any results stated or inferred by forward-looking statements contained herein.

Year-to-Date Summary

The year to date period ended September 30, 2015 for Ridley Terminals Inc. reflects the continued decline of international coal markets with no clear signs of recovery in the near-term. Oversupply of product in the export market remains the key condition inhibiting the recovery of both metallurgical and thermal coal prices. Compared to the same year-to-date period in 2014, terminal rail unloading volumes decreased by 42.69% or 2,450,000 tonnes, for a total of 3,289,000 tonnes unloaded (2014: 5,739,000 tonnes). Ship-loading volumes decreased by 43.20% or 2,467,000 tonnes, when compared against the same year-to-date period in 2014 for a total of 3,244,000 tonnes loaded (2014: 5,711,000 tonnes). As a result of handling volumes, a net operating loss of $15,692,000 (2014: profit of $8,355,000), excluding revenue from relinquished site capacity reservations of $49,550,000 (2014: $0), occurred in the year-to-date period ended September 30, 2015, for a decrease of $24,047,000 or 287.82% when compared with the same year-to date period in 2014.

Operational Performance

Overview

The following table depicts select measures of third quarter performance for the current and comparative quarters:

For the quarter ended September 30:

	2015	2014	Var ($)	Var (%)
Revenue (In thousands of $ CDN)	**10,923**	13,934	(3,011)	-21.61%
Net operating profit (In thousands of $ CDN)	**(3,313)**	523	(3,836)	-733.46%
Cash flow from operations (In thousands of $ CDN)	**6,808**	(11,563)	18,371	158.88%
Vessel throughput (In thousands of tonnes)	**1,066**	1,776	(710)	-39.98%

The following table depicts select measures of consecutive quarterly performance over the most recent four quarters:

For the three months ended:	**Sep 30 2015**	**Jun 30 2015**	**Mar 31 2015**	**Dec 31 2014**
Revenue (In thousands of $ CDN)	**10,923**	57,662	10,998	26,804
Net operating profit (In thousands of $ CDN)	**(3,313)**	40,146	(2,976)	10,000
Cash flow from operations (In thousands of $ CDN)	**6,808**	(2,681)	13,642	7,394
Vessel throughput (In thousands of tonnes)	**1,066**	1,015	1,163	1,208

Revenues

Revenues in the third quarter of 2015 reached $10,923,000 (2014: $13,934,000), for a decrease of $3,011,000 or 21.61% over the same quarter of 2014.

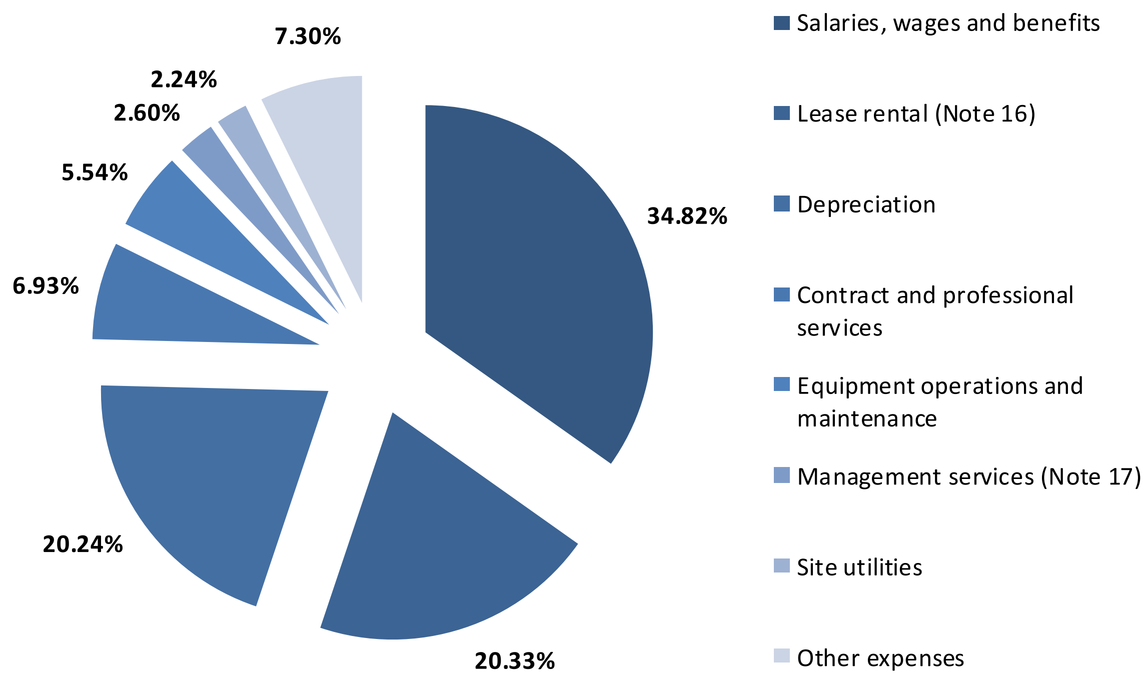
Throughput revenue in the third quarter of 2015 was $10,433,000 (2014: $13,374,000), decreasing by $2,941,000 or 21.99% when compared to the third quarter of 2014. In the third quarter of 2015, the average throughput revenue per tonne of shipments increased by $1.02 to $9.97, as opposed to $8.95 at the end of the third quarter of 2014. A decreasing effect of $4,009,000 in revenue as a result of lower volumes handled, coupled with an increasing effect of $1,068,000 as a result of an increase in the average rates charged per tonne of throughput handled, resulted in the overall decrease. The drop in RTI's volume handled is a direct result of the continued oversupply of coal in the export market.

Berthage, lines and despatch revenue fell to $251,000 for a decrease of $137,000 or 35.31% while other revenue rose to $239,000 for an increase of $67,000 or 38.95% over the same period in 2014.

Coal volumes accounted for 86.56% of total terminal shipments in the third quarter (2014: 77.46%), with petroleum coke covering the balance at 13.44% (2014: 22.54%). A total of 12 vessels loaded product at RTI during the third quarter this year, compared to 19 vessels in the third quarter of 2014. Average vessel cargo volumes fell to 89,000 tonnes for a decrease of 4,000 tonnes over the same comparative quarter in 2014.

Operating Expenses

Operating expenses during the third quarter totaled $14,236,000 (2014: $13,412,000) for an increase of $824,000 or 6.14% over the prior year's comparative quarter. The following chart depicts the proportion by nature of 2015 third quarter operating expenses:



Salaries, wages and benefits

Salaries, wages and benefits fell to $4,957,000 from $5,164,000 in the third quarter of 2014, for a decrease of $207,000 or 4.01%. This is due to attrition at the Terminal and a reduction in operational overtime related to lower handling volumes experienced. In the third quarter of 2015, salaries, wages and benefits comprised 34.82% of total operating expenses.

Lease rental

Lease rental expense rose to $2,894,000 from $1,187,000 in the third quarter of 2014 for an increase of $1,707,000 or 4.01%. As RTI's lease agreement with the Prince Rupert Port Authority specifies minimum throughput figures, an increase in this minimum was the driver of the increase over the prior period (Note 16). In the third quarter of 2015, lease rental expenses comprised 20.33% of total operating expenses.

Depreciation

Depreciation rose to $2,882,000 from $2,862,000 in the third quarter of 2014, for an increase of $20,000 or 0.70%. This is due to incremental capital upgrades consistent with regular replacement of aging assets. In the third quarter of 2015, depreciation expense comprised 20.24% of total operating expenses.

Contract and professional services

Contract and professional service expenses rose to $987,000 from $871,000, for an increase of $116,000 or 13.32%. This increase is attributable to many factors and is consistent with contracted maintenance initiatives on the site facility during periods of reduced throughput in the quarter. In the third quarter, contract and professional service expenses comprised 6.93% of total operating expenses.

Equipment, operations and maintenance

Equipment, operations and maintenance expenses fell to $788,000 from $1,449,000, for a decrease of $661,000 or 45.62%. Variable operational expenses were reduced as a result of lower handling volumes. In the third quarter of 2015, equipment, operations and maintenance expenses comprised 5.54% of total operating expenses.

Other expenses

Other expenses rose to $1,039,000 from $917,000 for an increase of $122,000 or 13.30%. The increase in other expenses is attributable to incremental fluctuations of a myriad of miscellaneous support expenses. In the third quarter, other expenses comprised 7.30% of total operating expenses.

Cash Flows

Cash flows from operating activities rose in the year-to-date period ended September 30, 2015 to $17,769,000 (2014: $13,922,000) for an increase of $3,847,000 or 27.63% over the same period in 2014. This increase is driven by increased cash receipts of customer shortfall payments for the 2014 contract year, as well as new customer site commitment deposits received in the period.

Cash flows used in investing activities experienced a significant decrease in the year-to-date period ended September 30, 2015 to $3,410,000 (2014: $32,559,000) for a decrease of $29,149,000 or 89.53% over the same period in 2014. Lower outflows were due to significantly curtailed capital spending and expansion across the year-to-date period ended September 30, 2015.

Cash flows used in financing activities increased significantly over the year-to-date period ended September 30, 2015 when compared to the same period in 2014 at $5,834,000 (2014: $2,050,000), for an increase of 3,784,000 or 184.59%, as repayments of long-term debt have accelerated after the third quarter of 2014 (Note 11).

Outlook

Market conditions so far this year have continued to present significant challenges to North American coal producers, with sustained low prices for coal prevailing throughout 2015. In 2014, oversupply in the overseas market for coal resulted in greater cost pressure on North American producers. There is unlikely to be a return to previously experienced market conditions in the near term. Many significant producers across North America are experiencing continued difficulties remaining competitive in the global marketplace for coal and as a result, bankruptcies and restructurings are arising. Despite this outlook for producers, RTI remains well positioned to capture future growth as it is one of only a few Pacific west coast terminals providing terminal bulk services for the export coal market.

In addition, significant efforts are underway to support alternative product exports through the terminal to diversify RTI's business in response to this protracted period of decline in the coal industry.

As always, management continues to strive for greater efficiency, growth, and productivity. With steadfast confidence in RTI's customers, stakeholders and employees, we approve RTI's 2015 Third Quarter Report.

FINANCIAL STATEMENTS

Statement of Management Responsibility

The accompanying financial statements of Ridley Terminals Inc., and all information in the quarterly report pertaining to the Company, are the responsibility of management.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS). Financial statements are not precise, because they include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis. Financial information used in the quarterly report is consistent with that in the financial statements.

Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercises this responsibility through an Audit Committee consisting of three non-management members. The Audit Committee meets regularly with management to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board of Directors for approval.

Signed
G. Dorsey
President

Signed
C. Berg
Chief Financial Officer

Statement of Financial Position

(In thousands of Canadian dollars) **As at**

	September 30 2015	December 31 2014
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	**106,901**	96,967
Accounts receivable (Note 6)	**1,965**	17,850
Inventory (Note 7)	**7,446**	7,358
Prepaid expenses (Note 8)	**810**	281
	117,122	122,456
Non-current assets		
Property, plant and equipment (Note 9)	**276,516**	283,463
	276,516	283,463
	393,638	405,919
LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (Note 10)	**17,700**	18,923
Current portion of long-term debt (Note 11)	**7,025**	6,874
	24,725	25,797
Non-current liabilities		
Other liabilities	**307**	644
Long-term debt (Note 11)	**22,367**	27,655
Asset retirement obligation (Note 12)	**6,938**	6,785
Deferred revenue (Note 13)	**34,721**	76,027
Pension benefit liability (Note 14)	**2,520**	2,655
	66,853	113,766
	91,578	139,563
Capital stock (Note 15)	**136,042**	136,042
Contributed surplus (Note 15)	**64,000**	64,000
Accumulated retained earnings	**102,018**	66,314
	302,060	266,356
	393,638	405,919

Commitments and Contingencies (Notes 16 and 19)

The accompanying notes are an integral part of these financial statements.

Statement of Comprehensive Income

For the nine months ended September 30

(In thousands of Canadian dollars)

	2015	2014
	$	$
REVENUES		
Throughput revenue	**29,266**	49,864
Relinquished customer deposits and options (Note 13)	**49,550**	-
Berthage, lines and despatch	**833**	1,345
Other revenue	**649**	412
	80,298	51,621
EXPENSES		
Salaries, wages and benefits	**15,437**	16,547
Depreciation	**8,723**	8,456
Lease rental (Note 16)	**7,571**	3,796
Contract and professional services	**3,235**	3,976
Equipment, operations and maintenance	**2,436**	4,507
Management services (Note 17)	**1,242**	1,595
Site utilities	**1,068**	1,282
Demurrage	**-**	125
Other expenses	**6,728**	2,982
	46,440	43,266
NET OPERATING PROFIT	**33,858**	8,355
Net (loss) gain on recycled site material	**(3)**	(3,796)
Loss on asset disposal	**(67)**	-
Impairment of assets	**(7)**	(35)
Net foreign exchange gain	**1,414**	143
Interest income	**603**	858
NET PROFIT BEFORE OTHER COMPREHENSIVE INCOME	**35,798**	5,525
OTHER COMPREHENSIVE INCOME		
(Not to be reclassfied to comprehensive income in subsequent periods)		
Defined benefit plan actuarial losses (Note 14)	**(94)**	(4,105)
TOTAL COMPREHENSIVE INCOME	**35,704**	1,420

The accompanying notes are an integral part of these financial statements.

Statement of Comprehensive Income

For the three months ended September 30

(In thousands of Canadian dollars)

	2015	2014
	$	$
REVENUES		
Throughput revenue	**10,433**	13,374
Relinquished capacity options (Note 13)	**-**	-
Berthage, lines & despatch	**251**	388
Other revenue	**239**	172
	10,923	13,934
EXPENSES		
Salaries, wages and benefits	**4,957**	5,164
Lease rental (Note 16)	**2,894**	1,187
Depreciation	**2,882**	2,862
Contract and professional services	**987**	871
Equipment operations and maintenance	**788**	1,449
Management services (Note 17)	**370**	539
Site utilities	**319**	337
Demurrage	**-**	86
Other expenses	**1,039**	917
	14,236	13,412
NET OPERATING (LOSS) PROFIT	**(3,313)**	522
Net gain (loss) on recycled site material	**-**	(11,033)
Loss on asset disposal	**(40)**	-
Impairment of asset	**-**	(35)
Net foreign exchange gain	**689**	523
Interest income	**205**	257
NET LOSS BEFORE OTHER COMPREHENSIVE INCOME	**(2,459)**	(9,766)
OTHER COMPREHENSIVE INCOME		
Defined benefit plan actuarial losses (Note 14)	**(2,061)**	(1,358)
TOTAL COMPREHENSIVE LOSS	**(4,520)**	(11,124)

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

For the nine months ended September 30

(In thousands of Canadian dollars)

	Capital Stock	Contributed Surplus	Accumulated Retained Earnings	Total
	$	$	$	$
Balance at January 1, 2014	136,042	64,000	(15,835)	184,207
Total comprehensive income				
Profit for the year to date	-	-	5,525	5,525
Defined benefit plan actuarial losses	-	-	(4,105)	(4,105)
Total comprehensive income for the year to date	-	-	1,420	1,420
Balance at September 30, 2014	136,042	64,000	(14,415)	185,627
Balance at January 1, 2015	136,042	64,000	66,314	266,356
Total comprehensive (loss) income				
Profit for the year to date	-	-	35,798	35,798
Defined benefit plan actuarial losses	-	-	(94)	(94)
Total comprehensive income for the year to date	-	-	35,704	35,704
Balance at September 30, 2015	**136,042**	**64,000**	**102,018**	**302,060**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

For the three months ended September 30

(In thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Accumulated Deficit	Total
	$	$	$	$
Balance at July 1, 2014	136,042	64,000	(3,293)	196,749
Total comprehensive loss				
Loss for the quarter	-	-	(9,766)	(9,766)
Defined benefit plan actuarial losses	-	-	(1,358)	(1,358)
Total comprehensive loss for the quarter	-	-	(11,124)	(11,124)
Balance at September 30, 2014	136,042	64,000	(14,417)	185,625
	$	$	$	$
Balance at July 1, 2015	136,042	64,000	106,538	306,580
Total comprehensive loss				
Loss for the quarter	-	-	(2,459)	(2,459)
Defined benefit plan actuarial losses	-	-	(2,061)	(2,061)
Total comprehensive loss for the quarter	-	-	(4,520)	(4,520)
Balance at September 30, 2015	**136,042**	**64,000**	**102,018**	**302,060**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the nine months ended September 30
(In thousands of Canadian dollars)

	2015	2014
	$	$
OPERATING ACTIVITIES		
Cash receipts from customers	**53,921**	53,569
Interest received	**603**	858
Cash paid for salaries, wages and benefits	**(13,957)**	(15,138)
Defined benefit and defined contribution plan (Note 14)	**(2,691)**	(3,061)
Cash paid to suppliers	**(14,007)**	(18,133)
Cash paid for lease rental	**(6,100)**	(4,173)
Cash flows from operating activities	**17,769**	13,922
INVESTING ACTIVITIES		
Cash paid to purchase property, plant and equipment	**(3,410)**	(32,559)
Cash flows used in investing activities	**(3,410)**	(32,559)
FINANCING ACTIVITIES		
Repayment of long-term debt	**(5,136)**	(1,309)
Financing costs paid	**(698)**	(741)
Cash flows used in financing activities	**(5,834)**	(2,050)
Net decrease in cash and cash equivalents	**8,525**	(20,687)
Cash and cash equivalents, beginning of the year	**96,967**	113,509
Effect of exchange rate fluctuations on cash held	**1,409**	260
Cash and cash equivalents, end of the quarter (Note 5)	**106,901**	93,082

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(amounts in tables are in thousands of Canadian dollars)

1 – Governing Statutes and Nature of Operations

Ridley Terminals Inc. (the Company), incorporated under the *Canada Business Corporations Act* on December 18, 1981, operates a bulk commodity facility on Ridley Island in Prince Rupert, British Columbia. The facility provides bulk commodity rail unloading, storage, and vessel loading services to a variety of North American coal producers. On June 11, 1998, the *Canada Marine Act* received Royal Assent. This Act came into force on November 1, 2000, at which time the *Canada Ports Corporation Act* was repealed and the Canada Ports Corporation was dissolved. Under the *Canada Marine Act*, the Company became a parent Crown corporation named in Part I of Schedule III of the *Financial Administration Act*. The Company is a federal Crown corporation exempt from income tax.

The Company is domiciled in Canada. The address of the Company's principal place of business is 2110 Ridley Road, Prince Rupert, British Columbia V8J 4H3.

2 – Going Concern

In December 2012, the Company's shareholder announced its intention to sell the business. These financial statements have been prepared without making any assumptions as to the outcomes of the potential sale, and, as such, they do not contemplate any significant changes to the Company's existing activities.

3 – Basis of Presentation

Statement of Compliance

The quarterly financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), with reference to IAS 34: Interim Financial Reporting. The quarterly financial statements do not include all of the information required for full annual financial statements.

Functional Currency

The financial statements are presented in Canadian dollars, which is the Company's functional currency. All tabular financial information presented in Canadian dollars has been rounded to the nearest thousand.

Use of Estimates and Judgments

The preparation of the quarterly financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the quarter in which the estimates are revised and in any future quarters affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within a year from the end of the quarter are included in the following notes:

Note 9 – Property, plant and equipment
Note 14 – Pension benefits
Note 19 – Contingencies

4 – Significant Accounting Policies

The accounting policies applied to this interim report are detailed in the most recent annual report and have been applied consistently to all periods presented in these financial statements.

5 – Cash and Cash Equivalents

	September 30 2015	December 31 2014
(In thousands of Canadian dollars)	$	$
Cash	64,345	94,467
Term deposits	42,556	2,500
	106,901	96,967

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 18.

6 – Accounts Receivable

	September 30 2015	December 31 2014
(In thousands of Canadian dollars)	$	$
Trade	5,292	17,640
Other	(3,327)	210
	1,965	17,850

Other accounts receivable consists of net recoverable GST/HST miscellaneous receivables and allowance for doubtful accounts.

7 – Inventory

The amount expensed as a result of write-downs of inventory to net realizable value during the quarter and year-to-date period ended September 30, 2015 was $5,000 (2014: $13,000) and $54,000 (2014: $88,000), respectively. The amount of inventory expensed during the quarter and year-to-date period ended September 30, 2015 to meet operational requirements was $247,000 (2014: $500,000) and $749,000 (2014: $2,451,000), respectively. The Company has not pledged any inventory as security for liabilities.

8 – Prepaid Expenses

	September 30 2015	December 31 2014
(In thousands of Canadian dollars)	$	$
Insurance	447	235
Other	363	46
	810	281

9 – Property, Plant and Equipment

(In thousands of Canadian dollars)	Terminal Facility	Sulphur Terminal	Wood Pellet Terminal	Machinery and Equipment	Office Furniture and Equipment	Total
	$	$	$	$	$	$
Cost						
Balance at December 31, 2014	467,274	4,462	909	10,534	2,749	485,928
Additions	1,715	-	-	68	-	1,783
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at September 30, 2015	468,989	4,462	909	10,602	2,749	487,711
Depreciation and Impairment Losses						
Balance at December 31, 2014	191,098	3,882	909	4,355	2,221	202,465
Depreciation for the year	7,915	-	-	624	184	8,723
Transfers	-	-	-	-	-	-
Impairment loss	7	-	-	-	-	7
Disposals	-	-	-	-	-	-
Balance at September 30, 2015	199,020	3,882	909	4,979	2,405	211,195
Carrying Amounts						
At December 31, 2014	276,176	580	-	6,179	528	283,463
At September 30, 2015	269,969	580	-	5,623	344	276,516

Impairment Losses

Impairment losses, recognized in comprehensive income under non-operating items for the quarter and year-to-date period ended September 30, 2015, amounted to $0 (2014:$0) and $7,000 (2014: $0), respectively.

Impairment losses recognized in prior periods on property, plant and equipment are assessed at each reporting date for any indications that the loss has decreased or no longer exists. At the end of the reporting period, it was concluded that no indicators existed for a reversal of impairment to occur.

Property, Plant and Equipment under Construction

During the year-to date period ended September 30, 2015, the Company recognized $1,792,000 (2014: $27,085,000) of expenditures in the carrying amount of items of property, plant and equipment in the course of construction.

10 – Accounts Payable and Other Liabilities

	September 30 2015	December 31 2014
(In thousands of Canadian dollars)	$	$
Trade	3,051	2,442
Accrued	9,093	9,665
Provisions	2,850	2,850
Payroll	1,863	2,507
Holdbacks	843	1,459
	17,700	18,923

11 – Long-Term Debt

On August 15, 2011, the Company entered into a $40,000,000 three year revolving credit facility arrangement and withdrew $7,000,000 on September 29, 2011, and $33,000,000 on December 22, 2011.

On August 15, 2014, the Company fixed the interest rate and terms of repayment on the outstanding advances. The Company is required to make monthly blended payments of principal and interest at an annual interest rate of 2.946%. As at September 30, 2015, estimated principal repayments on outstanding long-term debt are as follows:

(In thousands of Canadian dollars)	$
2015	1,738
2016	7,077
2017	7,290
2018	7,508
2019	5,779
Total	29,392

At September 30, 2015, cash and cash equivalents (Note 5), accounts receivable (Note 6), inventory (Note 7), and property, plant and equipment with a cost of $192,191,000 (2014: $166,588,000) are pledged as security under the credit facility arrangement related to the Company's long-term debt. If a default event occurs, the lender may declare all outstanding advances to be due and payable immediately and may take action to enforce its rights to the pledged assets to support repayment of the long-term debt.

12 – Asset Retirement Obligation

	September 30 2015	December 31 2014
(In thousands of Canadian dollars)	$	$
Balance, beginning of year	6,785	6,588
Adjustment	-	-
Accretion expense	153	197
Balance, end of quarter	6,938	6,785

Under the terms of the Company's land lease with the Prince Rupert Port Authority (Note 16), the Company is required to return the land to the condition the land was in at the commencement of the lease. This obligation includes alleviating any environmental damage to the land and the cost of removing certain aspects of the Company's terminal assets from the land.

Management estimates it would cost $8,789,000 (December 31, 2014: $8,490,000) to restore the site in accordance with the land lease at September 30, 2015. These estimated costs were inflated to the end of the base lease term in 2039 using an estimated inflation rate of 2% (2014: 2%). The inflated cost amount was then discounted back to September 30, 2015 using a credit-adjusted risk-free rate of 3% (2014: 3%), resulting in an increase in the asset retirement obligation of $0 (2014: $0), plus $153,000 (12 months ended December 31, 2014: $197,000) in accretion expense. The ultimate amount of future site restoration and removal costs to be incurred is uncertain.

13 – Deferred Revenue

	2015 Opening	2015 Additions	2015 Reductions	2015 YTD
(In thousands of Canadian dollars)	$	$	$	$
Deposits	60,900	8,006	(46,662)	22,244
Options	2,650	500	(3,150)	-
Shortfall	12,477	-	-	12,477
	76,027	8,506	(49,812)	34,721

14 – Pension Benefits

The Company sponsors a registered pension plan for all employees; the registered pension plan has both a defined benefit component and a defined contribution component. The Company initiated the defined contribution component of the registered pension plan in 2011 for new hires with a start date of employment after January 31, 2011. Employees hired prior to January 31, 2011 remained in the defined benefit component of the registered pension plan. During 2014 members of the defined contribution component were provided a one-time option to transfer to the defined benefit component of the registered pension plan with past service retroactive to the date of plan membership.

The defined benefit component of the registered pension plan is funded by contributions from the Company and from plan members. Pension benefits are based on the member's length of service and final average earnings and are indexed at 3% per year after retirement. The defined contribution plan has a fixed employer contribution rate, with a variable matching component based on voluntary contributions from the employee.

The defined contribution plan expenses for the quarter and year-to-date period ended September 30, 2015 were $297,000 (2014: $321,000) and $884,000 (2014: $915,000), respectively.

Defined Benefit Pension Plan

Pension benefit liability for the current quarter and prior year ended:

	September 30 2015	December 31 2014
Defined benefit obligations	62,466	61,711
Fair value of plan assets	(59,946)	(59,056)
Net liability	2,520	2,655

Movement in the present value of the defined benefit obligations for the current quarter and comparative year ended:

	September 30 2015	December 31 2014
Defined benefit obligations, beginning of year	61,711	47,523
Current service costs	1,892	1,729
Past service costs	-	554
Interest expense	1,881	2,346
Benefits paid by the plan	(893)	(1,197)
Contributions by plan participants	281	999
Remeasurements		
- Effect of changes in demographic assumptions	-	440
- Effect of changes in financial assumptions	(2,406)	8,915
- Effect of experience adjustments	-	402
Defined benefit obligations, end of period	62,466	61,711

Movement in the fair value of plan assets for the current quarter and prior year ended:

	September 30 2015	December 31 2014
Fair value of plan assets, beginning of year	59,056	51,491
Interest income	1,853	2,615
Contributions by the Company	2,457	3,089
Contributions by plan participants	281	999
Benefits paid by the plan	(893)	(1,197)
Administrative expenses paid from plan assets	(308)	(357)
Return on plan assets (excluding interest income)	(2,500)	2,416
Fair value of plan assets, end of period	59,946	59,056

Expense recognized in profit or loss for the current quarter and prior year ended:

	September 30 2015	December 31 2014
Current service cost	1,892	1,729
Past service cost	-	554
Net interest expense (income)	28	(269)
Administrative expenses paid from plan assets	308	357
Defined benefit cost included in NP	2,228	2,371
Remeasurements		
- Effect of changes in demographic assumptions	-	440
- Effect of changes in financial assumptions	(2,406)	8,915
- Effect of experience adjustments	-	402
- (Return) on plan assets (excluding interest income)	2,500	(2,416)
Defined benefit cost included in OCI	94	7,341

The expense related to defined benefit pension plans is included in salaries, wages and benefits on the statement of comprehensive income.

Net liability for the current quarter and prior year ended:

	September 30 2015	December 31 2014
Net liability (asset), beginning of year	2,655	(3,968)
Defined benefit cost included in NP	2,228	2,371
Defined benefit cost included in OCI	94	7,341
Contributions by the Company	(2,457)	(3,089)
Net liability, end of period	2,520	2,655

15 – Capital Stock and Contributed Surplus

Authorized:

2,000,000 common shares without par value

1,960,000 class "A", 18% non-cumulative redeemable preference shares, with a stated value of $25.55 per share

217,052 class "B", 20% non-cumulative redeemable preference shares, with a stated value of $230.00 per share

Capital Stock:

	September 30 2015	December 31 2014
(In thousands of Canadian dollars)	$	$
Issued and fully paid		
2,000 common shares	90,001	90,001
900,997 class 'A' shares	23,021	23,021
100,089 class 'B' shares	23,020	23,020
	136,042	136,042

In February 2004, the Company entered into a contribution agreement with the Government of Canada. This agreement provided the funds necessary to pay out the Company's debt obligation of $ 64,000,000. These funds have been recorded as contributed surplus in the shareholder's equity section of the statement of financial position.

16 – Commitments

Lease Rental

The Company leases land from the Prince Rupert Port Authority (PRPA) for its terminal facility. The original twenty-five year lease expired on March 31, 2009. The Company and the PRPA entered into a further thirty year term effective April 1, 2009 with an option to renew the lease for an additional twenty years to 2059. The Company exercised additional expansion options on April 1, 2011 and again on June 11, 2013 that provide additional land for the terminal to increase its operating capacity.

Under the lease agreement with the PRPA, the Company is required to make minimum annual rent payments of $11,575,000 based on a stated minimum 17,000,000 tonnes of material processed at a rate of 65 cents per tonne, CPI adjusted, based on the lease year ended March 31st. In the event that tonnes processed by the Company in a year are less than the stated minimum, the excess portion of the minimum rent may be carried forward for not more than six years.

The stated minimum tonnes processed will increase as follows:

(In tonnes)	
2016	17,750,000
2017	18,750,000
2018	19,750,000
2019	20,750,000
2020	21,750,000
2021	22,000,000
Subsequent years	22,000,000

The future increases in stated minimum tonnes processed will result in an increase in the minimum annual rent as detailed in the table below.

For the quarter ended September 30, 2015, the Company made $726,000 (2014: $1,187,000) in lease payments to PRPA, out of $2,894,000 (2014: $2,005,000) in minimum rent due. For the year-to-date period ended September 30, 2015, the Company made $2,209,000 (2014: $3,818,000) in lease payments to PRPA, out of $7,571,000 (2014: $5,984,000) in minimum rent due.

The Company agrees to pay a minimum rent fee as follows:

(In thousands of Canadian dollars)	**$**
2015	2,894
2016	12,328
2017	13,283
2018	14,271
2019	15,294
2020	16,351
2021	16,870
Subsequent years	350,378
Total	441,669

Property, Plant and Equipment

At September 30, 2015, the Company had outstanding obligations to complete committed contracts to acquire and develop property, plant and equipment in the amount of $35,000 (December 31, 2014: $838,000).

17 – Related Parties

Government of Canada

The Company is related to all Government of Canada departments, agencies and Crown corporations. The lease agreement with the PRPA (Note 16) is a related party transaction.

Management Consultant Services Agreement

Edgewood Holdings LLC provides the Company with management consultant services. As management consultants, Edgewood has been tasked with providing managerial oversight with the goals of increasing efficiencies and profitability, attracting new customers, and improving agreements with existing customers.

The current Agreement with Edgewood, effective July 1, 2010, amended during 2013, and again amended in 2015, is for an initial term of five years and six months and shall be renewable thereafter at intervals of one year by written mutual agreement of both parties. The agreement may be cancelled by either party with not less than sixty days written notice.

- Edgewood's annual 'base compensation' is $1,200,000 (2014: $1,200,000), plus 'additional base compensation' of $233,000 (2014: $840,000) and reimbursement for travel and hospitality expenses reasonably and sufficiently related to the performance of its services. Each year, the Company is reimbursed by its shareholder for $0 (2014: $200,000) of the additional base compensation.
- An annual 'performance bonus' is available to Edgewood, determined solely by the Company's Board of Directors within the range of 20% to 30% of the annual base compensation.
- A 'further bonus' based on increased throughput and profitability is available, determined by the Board acting reasonably.

For the quarter ended September 30, 2015, Edgewood Holdings LLC earned a management consulting fee of $300,000 (2014: $510,000) and bonuses totaling $0 (2014: $0). For the year-to-date period ended September 30, 2015, Edgewood Holdings LLC earned a management consulting fee of $1,133,000 (2014: $1,530,000) and bonuses totaling $0 (2014: $0).

Directors

Each of the Company's directors is appointed to office by the Governor in Council. Each appointment contains an Order in Council for authority to pay, which establishes an annual retainer and per diem rate. Total compensation received by the Company's directors for the quarter and year-to-date period ended September 30, 2015 was $17,000 (2014: $13,000) and $61,000 (2014: $48,000), respectively.

18 – Financial Instrument Risk and Fair Value Disclosures

At September 30, 2015, the Company is exposed to various risks associated with its financial instruments, which include market risk, liquidity risk and credit risk.

Market Risk

The Company is exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of its business operations.

The Company's objectives, policies, and processes for managing and measuring market risk are as follows:

The market price of customer commodities has an indirect impact on the timing and quantity of terminal throughput. As a result, fluctuations in commodity prices are regularly monitored by management using forecast models that estimate future movements in commodity prices. Where practicable, the revision of short and long-term operational strategies can occur to mitigate this risk. Risk mitigation tactics include the signing of long-term customer contracts that contain minimum throughput volume guarantees to insulate the Company from declines in throughput volumes that may result if commodity prices fall unexpectedly. A sensitivity analysis for this variable is not possible due to the complexity of the correlation between commodity prices and customer operations.

Foreign exchange rates have a direct impact on the value of payments received that are denominated in a foreign currency as well as the cost of payments to foreign suppliers. As a result, fluctuations in foreign exchange rates are regularly monitored by management via Bank of Canada rate publications and forecasts. Risk mitigation tactics include treasury management practices to ensure buffers for planned payments to suppliers allow for foreign exchange rate fluctuations. At quarter end, foreign cash, accounts receivable and accounts payable totaled $ 9,877,000 (December 31, 2014: $9,791,000), $0 (December 31, 2014: $0) and $0 (December 31, 2014: $0) respectively. If the Canadian dollar was stronger or weaker compared to the United States dollar by 10% at quarter end, comprehensive income would decrease or increase by $988,000 (December 31, 2014: increase or decrease by $979,000).

Interest rate risk has a significant impact on the Company as a result of long-term debt with a fixed interest rate (Note 11) and changes in cash and cash equivalents (Note 5). The fluctuation of interest rates affects the Company's interest expense and income. As a result, fluctuations in interest rates are regularly monitored by management via Bank of Canada rate publications and forecasts. Risk mitigation tactics include the regular monitoring of alternative investment and debt instruments in the event that a change in the market interest rate provides more attractive alternatives. All other variables remaining constant, if interest rates during the quarter were higher or lower by 0.25%, comprehensive income would increase or decrease by $73,000 (September 30, 2014: $86,000).

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. Management continually monitors its financial position to ensure that it has sufficient liquidity to discharge its obligations when due. At quarter end, cash and cash equivalents balances of

$106,901,000 (December 31, 2014: $96,967,000) are available to discharge current liabilities of $24,726,000 (December 31, 2014: $25,797,000) and non-current liabilities, excluding deferred revenue, of $32,131,000 (December 31, 2014: $37,739,000). Due to the amount of the Company's cash balances relative to its current and long-term liabilities, liquidity risk was not a significant concern at any of the dates presented on the statement of financial position.

Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash and cash equivalents and accounts receivable.

The carrying amounts of cash and cash equivalents and accounts receivable represents the maximum credit risk exposure as at September 30, 2015.

The Company manages credit risk associated with cash and cash equivalents by dealing with reputable and high quality financial institutions.

The Company's exposure to accounts receivable credit risk is influenced by the profitability of coal mining companies, which is heavily impacted by the price of the coal. The Company monitors the financial health of its customers and regularly reviews its accounts receivable for impairment. The Company considers credit quality of its accounts receivable to be moderate to high. As at September 30, 2015, there is a $3,457,000 reserve in respect of doubtful accounts (2014: $0).

There were no changes to the Company's exposure to market, liquidity or credit risk during the quarter, or to the Company's objectives, policies, and processes for managing or methods used to measure these risks.

Fair Value Disclosures

Cash and cash equivalents are measured subsequent to initial recognition at the fair value and are categorized within Level 1 of the fair value hierarchy (Note 4)

The fair values of accounts receivable, and accounts payable and other liabilities approximate their carrying values because of the short maturity of these financial instruments.

The fair value of long-term debt approximates its carrying value. This fair value disclosure is categorized within Level 2 of the fair value hierarchy (Note 4) and the fair value has been determined by discounting expected future repayments using market rates for debt with similar terms.

19 – Contingencies

On December 1, 2011, a Notice of Civil Claim was filed in the Supreme Court of British Columbia against the Company. The Claim asks for a declaration that an unsigned November 2006 document is a valid and enforceable agreement, requesting specific performance and damages. On November 22, 2013, the Company received notification that the claim was revised to seek damages only and to no longer request specific performance as part of the remedy to the claim.

Management is unable to determine what, if any, financial impact this claim will have on the Company at the date of issue of these financial statements.

On February 22, 2013, the Company received a claim from the Prince Rupert Port Authority (PRPA) regarding civil work on a property adjacent to the terminal. Management is unable to determine what, if any, financial impact this claim will have on the Company.

In April 2014, a human rights complaint was filed with the Canadian Human Rights Commission. Management is unable to determine what, if any, financial impact this claim will have on the Company at the date of issue of these financial statements.

On February 12, 2015, an arbitration was filed against the Company by a contractor related to contractual work completed at the terminal. Management is unable to determine what, if any, financial impact this claim will have on the Company at the date of issue of these financial statements.

On April 2, 2015, the Company received a notice of civil claim from Canadian National Railway Company regarding a disputed invoice. Management is unable to determine what, if any, financial impact this claim will have on the Company at the date of issue of these financial statements.

Included in the items listed above are claims from subcontractors and items where an amount is not specified. While their outcomes are not determinable, the sum of the potential claims could have a significant impact on future earnings.

The Company is subject to claims and lawsuits arising in the ordinary course of operations. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually and in the aggregate, the probable ultimate resolution of such matters will not have a material impact on the Company's financial position, results of operations or liquidity.

20 – Capital Management

The Company's capital is its equity, which comprises capital stock, contributed surplus and accumulated retained earnings (Note 15).

The Company is subject to financial management and accountability provisions of the *Financial Administration Act* which imposes restrictions in relation to borrowings and acquisition of investments. During the quarter ended September 30, 2015, the Company has complied with these restrictions.

The Company manages its equity as a by-product of managing revenues, expenses, assets, and liabilities as required.

The Company's Capital Oversight Committee monitors externally imposed capital requirements to adhere to budgetary constraints as outlined in the Company's five year operating and capital plans. Submitted budgets have been approved by the Minister of Transportation and are monitored regularly.

There were no changes to the Company's approach to capital management during the quarter.

21 – Comparative Figures

Some comparative figures have been restated to conform to current period presentation within these financial statements.

22 – Subsequent Events

On October 21, 2015, a claim was filed by the Company against a contractor related to contractual work completed at the terminal. Management is unable to determine what, if any, financial impact this claim will have on the Company at the date of issue of these financial statements.